Interest rate on education and home loans

223. SHRI JANARDHANA POOJARY: Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that interest rate on education and home loans has been raised by certain financial institutions;

(b) if so, the details thereof and the factors prompting such a move by the banks; and

(c) the steps taken by Government to ease the burden of increased interest rate of education loans and home loans on low income and salaried class borrowers and in respect of such borrowers whose children have availed education loans?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL): (a) to (c) The interest rates on advances are deregulated and banks are free to fix the rate of interest themselves with the approval of their Boards. Banks have been advised to fix their Benchmark Prime Lending Rate (BPLR) after taking into account cost of funds, transaction cost, risk factor, margin and other overhead expenses. Based on these considerations, banks have raised the BPLR in the recent past. However, there are certain build in features in the Education Loan Scheme and the Housing Loan Scheme of banks which are designed to ease the burden of interest rates for those belonging to low income category. For instance, as per the Model Education Loan Scheme, the banks have been advised not to charge interest exceeding BPLR for loans upto Rs. 4 lakh. As regards home loans, under the Differential Rate of Interest (DRI) Scheme, the banks provide loans up to Rs. 20,000/- @ 4% to poor families.

Gutka manufacturers

224. SHRI MOTIUR RAHMAN: Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that tax evasion is highest amongst gutka (pan masala) manufacturers;

(b) if so, the details of gutka manufacturers booked during the last three years of tax evasion indicating the quantum of tax evaded by each gutka manufacturer;

(c) the action taken to check evasion of taxes by gutka manufacturers; and

(d) the details of taxes due against each gutka manufacturer and quantum of tax recovered from them during the last two years?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM): (a) to (d) The information is being collected and will be laid on the Table of the House.

Banks loans recovery methods

225. SHRI SHANTARAM LAXMAN NAIK: Will the Minister of FINANCE be pleased to state:

(a) whether bank loan recovery methods adopted by banks have brought banking system to disrepute;

(b) whether RBI has issued any guidelines in this regard;

(c) if not, whether any guidelines are proposed to be issued;

(d) whether Government have taken any action against banks using "strong-arms-methods" as "arm-twisting methods";